

Alaska Energy Cost Reduction Program Progress Report

Grantee: Alaska Power & Telephone Company

Project Name: Upper Lynn Canal Power Supply Projects

Grant # 0129-DC-2004-I16

Period of Report: Fourth Quarter 2005 (October 1, 2005 to December 31, 2005)

Project activities completed:

- Revised penstock, road design and corresponding erosion control plan to satisfy USFS maximum road grade requirement of 20%.
- Surveyed and flagged clearing limits at the project.
- Work with agencies on permits. FERC issued a 15-day public notice for license amendment changing the powerhouse location and jetty design.
- The LCM8 landing craft was barged to Juneau where the project fuel truck was loaded and transported to Skagway. The LCM8 is now berthed in Skagway ready to mobilize equipment to the project site.
- The crew boat for the project has been re-powered and is in Skagway.
- Various pieces of construction equipment have been received and placed in storage.
- The turbine and generator have been shipped.

Project existing or potential problems:

The primary challenge at this time is to receive FERC approval to begin construction. Since the dam construction will need to be done between January and April, the project schedule is very dependent on the start date. Another issue that will impact scheduling and construction is the closure period for in-water work on the beach. FERC issued the new license article 403 which maintains the earlier closure window of December 15 to June 15. This will delay construction of the marine access facilities and in turn create delays in the project construction. Permitting delays challenge assembling a construction crew.

Activities targeted for Next Reporting Period, First Quarter 2006:

- Coordinate a site visit for AP&T engineers, R&M Engineering, USFS engineer, Caron Diamond Drilling and Mainstreet Mining. The people will be involved with road design review, tunnel core drilling and tunnel construction.
- Set up a meeting with FERC Portland office to answer any questions that may be holding up approval of Phase 1 design.
- Continue to plan, order, receive, repair and update maintenance on mobilization equipment and materials.
- Begin construction of the marine access, powerhouse site and penstock road when FERC approval is received.
- Solicit bids for the penstock materials pending FERC approval of plan.

